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Offered by:

REP. TERCYAK, 26th Dist.

To: Senate Bill No. 775

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**"AN ACT CONCERNING THE PUBLICATION OF THE
CONNECTICUT SITING COUNCIL REPORT OF LOADS AND
RESOURCES BIENNIALY."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 16-244b of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective from passage*):

5 (a) All customers of electric distribution companies, as defined in
6 section 16-1, as amended by this act, shall have the opportunity to
7 purchase electric generation services from their choice of electric
8 suppliers, as defined in said section 16-1, in a competitive generation
9 market in accordance with the schedule provided in this section. On
10 and after January 1, 2000, up to thirty-five per cent of the peak load of
11 each rate class of an electric company or electric distribution company,
12 as the case may be, may choose an electric supplier to provide their
13 electric generation services, provided such customers shall be located
14 in distressed municipalities, as defined in section 32-9p. In the event

15 that the number of customers exceeds thirty-five per cent of such load,
16 preference shall be given to customers located in distressed
17 municipalities with a population greater than one hundred thousand
18 persons. Participation shall be determined on a first-come, first-served
19 basis. As of July 1, 2000, all customers shall have the opportunity to
20 choose an electric supplier. On and after January 1, 2000, electric
21 generation services shall be provided in accordance with section 16-
22 244c, as amended by this act, to any customer who has not chosen an
23 electric supplier or has declined, failed or been unable to enter into or
24 maintain a contract for electric generation services with an electric
25 supplier. The Department of Public Utility Control may adopt
26 regulations in accordance with chapter 54 to implement the phase-in
27 schedule provided in this subsection.

28 (b) Notwithstanding subsection (a) of this section, on and after
29 January 1, 2010, customers with a maximum demand of less than one
30 hundred kilowatts shall receive and pay for electric generation
31 services, designated as standard service, from the electric distribution
32 company in which service territory such customer takes electric
33 service; provided (1) nothing in this section shall be interpreted as
34 abrogating a customer's contract with an electric supplier that was
35 executed and effective on or before the effective date of this section,
36 and (2) any customer who is receiving electric generation services on
37 or before the effective date of this section from an electric supplier and
38 not from an electric distribution company may continue to receive
39 electric generation services from such supplier or another electric
40 supplier, provided, if such customers at any time elect to receive
41 standard service from the electric distribution company, such
42 customers shall remain on such standard service, and (3) nothing in
43 this section shall preclude a customer from receiving standard service
44 from the electric distribution company for electric generation services
45 while also contracting for renewable energy credits from an electric
46 supplier to support renewable energy, pursuant to a program
47 approved by the department under subsection (e) of section 16-244c, as
48 amended by this act. No customers who have a maximum demand of

49 less than one hundred kilowatts may enter into contracts with an
50 electric supplier other than the electric distribution company for
51 electric generation services on or after the effective date of this section
52 except as provided in this subsection.

53 Sec. 502. Section 16-244c of the general statutes is repealed and the
54 following is substituted in lieu thereof (*Effective from passage*):

55 (a) (1) On and after January 1, 2000, each electric distribution
56 company shall make available to all customers in its service area, the
57 provision of electric generation and distribution services through a
58 standard offer. Under the standard offer, a customer shall receive
59 electric services at a rate established by the Department of Public
60 Utility Control pursuant to subdivision (2) of this subsection. Each
61 electric distribution company shall provide electric generation services
62 in accordance with such option to any customer who affirmatively
63 chooses to receive electric generation services pursuant to the standard
64 offer or does not or is unable to arrange for or maintain electric
65 generation services with an electric supplier. The standard offer shall
66 automatically terminate on January 1, 2004. While providing electric
67 generation services under the standard offer, an electric distribution
68 company may provide electric generation services through any of its
69 generation entities or affiliates, provided such entities or affiliates are
70 licensed pursuant to section 16-245.

71 (2) Not later than October 1, 1999, the Department of Public Utility
72 Control shall establish the standard offer for each electric distribution
73 company, effective January 1, 2000, which shall allocate the costs of
74 such company among electric transmission and distribution services,
75 electric generation services, the competitive transition assessment and
76 the systems benefits charge. The department shall hold a hearing that
77 shall be conducted as a contested case in accordance with chapter 54 to
78 establish the standard offer. The standard offer shall provide that the
79 total rate charged under the standard offer, including electric
80 transmission and distribution services, the conservation and load
81 management program charge described in section 16-245m, the

82 renewable energy investment charge described in section 16-245n,
83 electric generation services, the competitive transition assessment and
84 the systems benefits charge shall be at least ten per cent less than the
85 base rates, as defined in section 16-244a, in effect on December 31,
86 1996. The standard offer shall be adjusted to the extent of any increase
87 or decrease in state taxes attributable to sections 12-264 and 12-265 and
88 any other increase or decrease in state or federal taxes resulting from a
89 change in state or federal law and shall continue to be adjusted during
90 such period pursuant to section 16-19b. Notwithstanding the
91 provisions of section 16-19b, the provisions of said section 16-19b shall
92 apply to electric distribution companies. The standard offer may be
93 adjusted, by an increase or decrease, to the extent approved by the
94 department, in the event that (A) the revenue requirements of the
95 company are affected as the result of changes in (i) legislative
96 enactments other than public act 98-28*, (ii) administrative
97 requirements, or (iii) accounting standards occurring after July 1, 1998,
98 provided such accounting standards are adopted by entities
99 independent of the company that have authority to issue such
100 standards, or (B) an electric distribution company incurs extraordinary
101 and unanticipated expenses required for the provision of safe and
102 reliable electric service to the extent necessary to provide such service.
103 Savings attributable to a reduction in taxes shall not be shifted between
104 customer classes.

105 (3) The price reduction provided in subdivision (2) of this
106 subsection shall not apply to customers who, on or after July 1, 1998,
107 are purchasing electric services from an electric company or electric
108 distribution company, as the case may be, under a special contract or
109 flexible rate tariff, and the company's filed standard offer tariffs shall
110 reflect that such customers shall not receive the standard offer price
111 reduction.

112 (b) (1) (A) On and after January 1, 2004, each electric distribution
113 company shall make available to all customers in its service area, the
114 provision of electric generation and distribution services through a
115 transitional standard offer. Under the transitional standard offer, a

customer shall receive electric services at a rate established by the Department of Public Utility Control pursuant to subdivision (2) of this subsection. Each electric distribution company shall provide electric generation services in accordance with such option to any customer who affirmatively chooses to receive electric generation services pursuant to the transitional standard offer or does not or is unable to arrange for or maintain electric generation services with an electric supplier. The transitional standard offer shall terminate on December 31, 2006. While providing electric generation services under the transitional standard offer, an electric distribution company may provide electric generation services through any of its generation entities or affiliates, provided such entities or affiliates are licensed pursuant to section 16-245.

(B) The department shall conduct a proceeding to determine whether a practical, effective, and cost-effective process exists under which an electric customer, when initiating electric service, may receive information regarding selecting electric generating services from a qualified entity. The department shall complete such proceeding on or before December 1, 2005, and shall implement the resulting decision on or before March 1, 2006, or on such later date that the department considers appropriate. An electric distribution company's costs of participating in the proceeding and implementing the results of the department's decision shall be recoverable by the company as generation services costs through an adjustment mechanism as approved by the department.

(2) (A) Not later than December 15, 2003, the Department of Public Utility Control shall establish the transitional standard offer for each electric distribution company, effective January 1, 2004.

(B) The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the transitional standard offer. The transitional standard offer shall provide that the total rate charged under the transitional standard offer, including electric transmission and distribution services, the

149 conservation and load management program charge described in
150 section 16-245m, the renewable energy investment charge described in
151 section 16-245n, electric generation services, the competitive transition
152 assessment and the systems benefits charge, and excluding federally
153 mandated congestion costs, shall not exceed the base rates, as defined
154 in section 16-244a, in effect on December 31, 1996, excluding any rate
155 reduction ordered by the department on September 26, 2002.

156 (C) (i) Each electric distribution company shall, on or before January
157 1, 2004, file with the department an application for an amendment of
158 rates pursuant to section 16-19, which application shall include a four-
159 year plan for the provision of electric transmission and distribution
160 services. The department shall conduct a contested case proceeding
161 pursuant to sections 16-19 and 16-19e to approve, reject or modify the
162 application and plan. Upon the approval of such plan, as filed or as
163 modified by the department, the department shall order that such plan
164 shall establish the electric transmission and distribution services
165 component of the transitional standard offer.

166 (ii) Notwithstanding the provisions of this subparagraph, an electric
167 distribution company that, on or after September 1, 2002, completed a
168 proceeding pursuant to sections 16-19 and 16-19e, shall not be required
169 to file an application for an amendment of rates as required by this
170 subparagraph. The department shall establish the electric transmission
171 and distribution services component of the transitional standard offer
172 for any such company equal to the electric transmission and
173 distribution services component of the standard offer established
174 pursuant to subsection (a) of this section in effect on July 1, 2003, for
175 such company. If such electric distribution company applies to the
176 department, pursuant to section 16-19, for an amendment of its rates
177 on or before December 31, 2006, the application of the electric
178 distribution company shall include a four-year plan.

179 (D) The transitional standard offer (i) shall be adjusted to the extent
180 of any increase or decrease in state taxes attributable to sections 12-264
181 and 12-265 and any other increase or decrease in state or federal taxes

182 resulting from a change in state or federal law, (ii) shall be adjusted to
183 provide for the cost of contracts under subdivision (2) of subsection (j)
184 of this section and the administrative costs for the procurement of such
185 contracts, and (iii) shall continue to be adjusted during such period
186 pursuant to section 16-19b. Savings attributable to a reduction in taxes
187 shall not be shifted between customer classes. Notwithstanding the
188 provisions of section 16-19b, the provisions of section 16-19b shall
189 apply to electric distribution companies.

190 (E) The transitional standard offer may be adjusted, by an increase
191 or decrease, to the extent approved by the department, in the event
192 that (i) the revenue requirements of the company are affected as the
193 result of changes in (I) legislative enactments other than public act 03-
194 135 or public act 98-28, (II) administrative requirements, or (III)
195 accounting standards adopted after July 1, 2003, provided such
196 accounting standards are adopted by entities that are independent of
197 the company and have authority to issue such standards, or (ii) an
198 electric distribution company incurs extraordinary and unanticipated
199 expenses required for the provision of safe and reliable electric service
200 to the extent necessary to provide such service.

201 (3) The price provided in subdivision (2) of this subsection shall not
202 apply to customers who, on or after July 1, 2003, purchase electric
203 services from an electric company or electric distribution company, as
204 the case may be, under a special contract or flexible rate tariff,
205 provided the company's filed transitional standard offer tariffs shall
206 reflect that such customers shall not receive the transitional standard
207 offer price during the term of said contract or tariff.

208 (4) (A) In addition to its costs received pursuant to subsection (h) of
209 this section, as compensation for providing transitional standard offer
210 service, each electric distribution company shall receive an amount
211 equal to five-tenths of one mill per kilowatt hour. Revenues from such
212 compensation shall not be included in calculating the electric
213 distribution company's earnings for purposes of, or in determining
214 whether its rates are just and reasonable under, sections 16-19, 16-19a

215 and 16-19e, including an earnings sharing mechanism. In addition,
216 each electric distribution company may earn compensation for
217 mitigating the prices of the contracts for the provision of electric
218 generation services, as provided in subdivision (2) of this subsection.

219 (B) The department shall conduct a contested case proceeding
220 pursuant to the provisions of chapter 54 to establish an incentive plan
221 for the procurement of long-term contracts for transitional standard
222 offer service by an electric distribution company. The incentive plan
223 shall be based upon a comparison of the actual average firm full
224 requirements service contract price for electricity obtained by the
225 electric distribution company compared to the regional average firm
226 full requirements service contract price for electricity, adjusted for such
227 variables as the department deems appropriate, including, but not
228 limited to, differences in locational marginal pricing. If the actual
229 average firm full requirements service contract price obtained by the
230 electric distribution company is less than the actual regional average
231 firm full requirements service contract price for the previous year, the
232 department shall split five-tenths of one mill per kilowatt hour equally
233 between ratepayers and the company. Revenues from such incentive
234 plan shall not be included in calculating the electric distribution
235 company's earnings for purposes of, or in determining whether its
236 rates are just and reasonable under sections 16-19, 16-19a and 16-19e.
237 The department may, as it deems necessary, retain a third party entity
238 with expertise in energy procurement to assist with the development
239 of such incentive plan.

240 (c) (1) On and after January 1, 2007, each electric distribution
241 company shall provide electric generation services through standard
242 service to any customer who (A) does not arrange for or is not
243 receiving electric generation services from an electric supplier, and (B)
244 does not use a demand meter or has a maximum demand of less than
245 five hundred kilowatts and on or after January 1, 2010, has a maximum
246 demand of less than five hundred kilowatts but more than one
247 hundred kilowatts.

248 (2) Not later than October 1, 2006, and periodically as required by
249 subdivision (3) of this subsection, but not more often than every
250 calendar quarter, the Department of Public Utility Control shall
251 establish the standard service price for such customers pursuant to
252 subdivision (3) of this subsection. Each electric distribution company
253 shall recover the actual net costs of procuring and providing electric
254 generation services pursuant to this subsection, provided such
255 company mitigates the costs it incurs for the procurement of electric
256 generation services for customers who are no longer receiving service
257 pursuant to this subsection.

258 (3) An electric distribution company providing electric generation
259 services pursuant to this subsection shall mitigate the variation of the
260 price of the service offered to its customers by procuring electric
261 generation services contracts in the manner prescribed in a plan
262 approved by the department. Such plan shall require the procurement
263 of a portfolio of service contracts sufficient to meet the projected load
264 of the electric distribution company, which may be separated into two
265 supply segments based on customers with maximum demands of less
266 than one hundred kilowatts and one hundred kilowatts or more. Such
267 plan shall require that the portfolio of service contracts be procured in
268 an overlapping pattern of fixed periods at such times and in such
269 manner and duration as the department determines to be most likely
270 to produce just, reasonable and reasonably stable retail rates while
271 reflecting underlying wholesale market prices over time. The portfolio
272 of contracts shall be assembled in such manner as to invite
273 competition; guard against favoritism, improvidence, extravagance,
274 fraud and corruption; and secure a reliable electricity supply while
275 avoiding unusual, anomalous or excessive pricing. The portfolio of
276 contracts procured under such plan shall be for terms of not less than
277 six months, provided contracts for shorter periods may be procured
278 under such conditions as the department shall prescribe to (A) ensure
279 the lowest rates possible for end-use customers; (B) ensure reliable
280 service under extraordinary circumstances; and (C) ensure the prudent
281 management of the contract portfolio. An electric distribution

282 company may receive a bid for an electric generation services contract
283 from any of its generation entities or affiliates, provided such
284 generation entity or affiliate submits its bid the business day preceding
285 the first day on which an unaffiliated electric supplier may submit its
286 bid and further provided the electric distribution company and the
287 generation entity or affiliate are in compliance with the code of
288 conduct established in section 16-244h.

289 (4) The department, in consultation with the Office of Consumer
290 Counsel, shall retain the services of a third-party entity with expertise
291 in the area of energy procurement to oversee the initial development of
292 the request for proposals and the procurement of contracts by an
293 electric distribution company for the provision of electric generation
294 services offered pursuant to this subsection. Costs associated with the
295 retention of such third-party entity shall be included in the cost of
296 electric generation services that is included in such price.

297 (5) Each bidder for a standard service contract shall submit its bid to
298 the electric distribution company and the third-party entity who shall
299 jointly review the bids and submit an overview of all bids together
300 with a joint recommendation to the department as to the preferred
301 bidders. The department may, within ten business days of submission
302 of the overview, reject the recommendation regarding preferred
303 bidders. In the event that the department rejects the preferred bids, the
304 electric distribution company and the third-party entity shall rebid the
305 service pursuant to this subdivision.

306 (d) On and after January 1, 2010, each electric distribution company
307 shall make available electric generation services through standard
308 service to any customer who has a maximum demand of less than one
309 hundred kilowatts pursuant to subsection (b) of section 16-244b, as
310 amended by this act.

311 ~~[(d)]~~ (e) (1) Notwithstanding the provisions of this section regarding
312 the electric generation services component of the transitional standard
313 offer or the procurement of electric generation services under standard

314 service, section 16-244h or 16-245o, the Department of Public Utility
315 Control may, from time to time, direct an electric distribution company
316 to offer, through an electric supplier or electric suppliers, before
317 January 1, 2007, one or more alternative transitional standard offer
318 options, [or,] on or after January 1, 2007, one or more alternative
319 standard service options or, on or after January 1, 2010, one or more
320 alternative standard service options. Such alternative options shall
321 include, but not be limited to, an option that consists of the provision
322 of electric generation services that exceed the renewable portfolio
323 standards established in section 16-245a and may include an option
324 that utilizes strategies or technologies that reduce the overall
325 consumption of electricity of the customer. On or after January 1, 2010,
326 such alternative options shall involve the provision of electric
327 generation services through standard service coupled with an option
328 that consists of the provision of electric generation services that exceed
329 the renewable portfolio standards established pursuant to section 16-
330 245a and may include an option that involves the provision of electric
331 generation services through standard service while also using
332 strategies or technologies that reduce the overall consumption of
333 electricity by the customer.

334 (2) (A) The department shall develop such alternative option or
335 options in a contested case conducted in accordance with the
336 provisions of chapter 54. The department shall determine the terms
337 and conditions of such alternative option or options, including, but not
338 limited to, (i) the minimum contract terms, including pricing, length
339 and termination of the contract, and (ii) the minimum percentage of
340 electricity derived from Class I or Class II renewable energy sources, if
341 applicable. The electric distribution company shall, under the
342 supervision of the department, subsequently conduct a bidding
343 process in order to solicit electric suppliers to provide such alternative
344 option or options.

345 (B) The department may reject some or all of the bids received
346 pursuant to the bidding process.

347 (3) The department may require an electric supplier to provide
348 forms of assurance to satisfy the department that the contracts
349 resulting from the bidding process will be fulfilled.

350 (4) An electric supplier who fails to fulfill its contractual obligations
351 resulting from this subdivision shall be subject to civil penalties, in
352 accordance with the provisions of section 16-41, or the suspension or
353 revocation of such supplier's license or a prohibition on the acceptance
354 of new customers, following a hearing that is conducted as a contested
355 case, in accordance with the provisions of chapter 54.

356 [(e)] (f) (1) On and after January 1, 2007, an electric distribution
357 company shall serve customers that are not eligible to receive standard
358 service pursuant to subsection (c) of this section as the supplier of last
359 resort. This subsection shall not apply to customers purchasing power
360 under contracts entered into pursuant to section 16-19hh.

361 (2) An electric distribution company shall procure electricity at least
362 every calendar quarter to provide electric generation services to
363 customers pursuant to this subsection. The Department of Public
364 Utility Control shall determine a price for such customers that reflects
365 the full cost of providing the electricity on a monthly basis. Each
366 electric distribution company shall recover the actual net costs of
367 procuring and providing electric generation services pursuant to this
368 subsection, provided such company mitigates the costs it incurs for the
369 procurement of electric generation services for customers that are no
370 longer receiving service pursuant to this subsection.

371 (3) On and after January 1, 2010, an electric distribution company
372 may elect to provide alternative electricity supply offerings to
373 customers receiving supplier of last resort service pursuant to
374 subsection (f) of this section. The department shall approve such
375 offerings which may include, but not be limited to: (A) Providing
376 electric generation services to such customers pursuant to one or more
377 specific power supply contracts for predetermined periods with fixed
378 prices; (B) providing electric generation services to such customers by

379 including such customers within the supply portfolio procured for
380 standard service pursuant to subsection (c) of this section and allowing
381 such portfolio to be used to provide electric generation services to such
382 customers; or (C) providing other alternatives that may result in lower
383 priced options for such customers, provided such offerings may
384 require customers who elect such offerings to continue to take such
385 service for prespecified periods. Such offerings shall be made to
386 customers no more often than two times per year and shall not be for
387 periods that exceed two years. The department shall determine a price
388 for such customers that reflects the full cost of procuring and
389 providing electric generation service to such customers. Each electric
390 distribution company shall recover the actual costs of procuring and
391 providing electric generation services pursuant to this subdivision. The
392 alternative supply offered by an electric distribution company to such
393 customers pursuant to this subdivision shall be in addition to, and
394 shall not result in the elimination of, the electricity procured at least
395 every calendar quarter pursuant to subdivision (2) of this subsection.

396 [(f)] (g) On and after January 1, 2000, and until such time the
397 regional independent system operator implements procedures for the
398 provision of back-up power to the satisfaction of the Department of
399 Public Utility Control, each electric distribution company shall provide
400 electric generation services to any customer who has entered into a
401 service contract with an electric supplier that fails to provide electric
402 generation services for reasons other than the customer's failure to pay
403 for such services. Between January 1, 2000, and December 31, 2006, an
404 electric distribution company may procure electric generation services
405 through a competitive bidding process or through any of its generation
406 entities or affiliates. On and after January 1, 2007, such company shall
407 procure electric generation services through a competitive bidding
408 process pursuant to a plan submitted by the electric distribution
409 company and approved by the department. Such company may
410 procure electric generation services through any of its generation
411 entities or affiliates, provided such entity or affiliate is the lowest
412 qualified bidder and provided further any such entity or affiliate is

413 licensed pursuant to section 16-245.

414 ~~[(g)]~~ (h) An electric distribution company is not required to be
415 licensed pursuant to section 16-245 to provide standard offer electric
416 generation services in accordance with subsection (a) of this section,
417 transitional standard offer service pursuant to subsection (b) of this
418 section, standard service pursuant to subsection (c) of this section,
419 supplier of last resort service pursuant to subsection ~~[(e)]~~ (f) of this
420 section or back-up electric generation service pursuant to subsection
421 ~~[(f)]~~ (g) of this section.

422 ~~[(h)]~~ (i) The electric distribution company shall be entitled to recover
423 reasonable costs incurred as a result of providing standard offer
424 electric generation services pursuant to the provisions of subsection (a)
425 of this section, transitional standard offer service pursuant to
426 subsection (b) of this section, standard service pursuant to subsection
427 (c) of this section or back-up electric generation service pursuant to
428 subsection ~~[(f)]~~ (g) of this section. The provisions of this section and
429 section 16-244a shall satisfy the requirements of section 16-19a until
430 January 1, 2007.

431 ~~[(i)]~~ (j) The Department of Public Utility Control shall establish, by
432 regulations adopted pursuant to chapter 54, procedures for when and
433 how a customer is notified that his electric supplier has defaulted and
434 of the need for the customer to choose a new electric supplier within a
435 reasonable period of time.

436 ~~[(j)]~~ (k) (1) Notwithstanding the provisions of subsection ~~[(d)]~~ (e) of
437 this section regarding an alternative transitional standard offer option
438 or an alternative standard service option, an electric distribution
439 company providing transitional standard offer service, standard
440 service, supplier of last resort service or back-up electric generation
441 service in accordance with this section shall contract with its wholesale
442 suppliers to comply with the renewable portfolio standards. The
443 Department of Public Utility Control shall annually conduct a
444 contested case, in accordance with the provisions of chapter 54, in

445 order to determine whether the electric distribution company's
446 wholesale suppliers met the renewable portfolio standards during the
447 preceding year. An electric distribution company shall include a
448 provision in its contract with each wholesale supplier that requires the
449 wholesale supplier to pay the electric distribution company an amount
450 of five and one-half cents per kilowatt hour if the wholesale supplier
451 fails to comply with the renewable portfolio standards during the
452 subject annual period. The electric distribution company shall
453 promptly transfer any payment received from the wholesale supplier
454 for the failure to meet the renewable portfolio standards to the
455 Renewable Energy Investment Fund for the development of Class I
456 renewable energy sources. Any payment made pursuant to this section
457 shall not be considered revenue or income to the electric distribution
458 company.

459 (2) Notwithstanding the provisions of subsection ~~[(d)]~~ (e) of this
460 section regarding an alternative transitional standard offer option or
461 an alternative standard service option, an electric distribution
462 company providing transitional standard offer service, standard
463 service, supplier of last resort service or back-up electric generation
464 service in accordance with this section shall, not later than July 1, 2008,
465 file with the Department of Public Utility Control for its approval one
466 or more long-term power purchase contracts from Class I renewable
467 energy source projects that receive funding from the Renewable
468 Energy Investment Fund and that are not less than one megawatt in
469 size, at a price that is either, at the determination of the project owner,
470 (A) not more than the total of the comparable wholesale market price
471 for generation plus five and one-half cents per kilowatt hour, or (B)
472 fifty per cent of the wholesale market electricity cost at the point at
473 which transmission lines intersect with each other or interface with the
474 distribution system, plus the project cost of fuel indexed to natural gas
475 futures contracts on the New York Mercantile Exchange at the natural
476 gas pipeline interchange located in Vermillion Parish, Louisiana that
477 serves as the delivery point for such futures contracts, plus the fuel
478 delivery charge for transporting fuel to the project, plus five and one-

479 half cents per kilowatt hour. In its approval of such contracts, the
480 department shall give preference to purchase contracts from those
481 projects that would provide a financial benefit to ratepayers or would
482 enhance the reliability of the electric transmission system of the state.
483 Such projects shall be located in this state. The owner of a fuel cell
484 project principally manufactured in this state shall be allocated all
485 available air emissions credits and tax credits attributable to the project
486 and no less than fifty per cent of the energy credits in the Class I
487 renewable energy credits program established in section 16-245a
488 attributable to the project. On and after October 1, 2007, and until
489 September 30, 2008, such contracts shall be comprised of not less than a
490 total, apportioned among each electric distribution company, of one
491 hundred twenty-five megawatts; and on and after October 1, 2008,
492 such contracts shall be comprised of not less than a total, apportioned
493 among each electrical distribution company, of one hundred fifty
494 megawatts. The cost of such contracts and the administrative costs for
495 the procurement of such contracts directly incurred shall be eligible for
496 inclusion in the adjustment to the transitional standard offer as
497 provided in this section and any subsequent rates for standard service,
498 provided such contracts are for a period of time sufficient to provide
499 financing for such projects, but not less than ten years, and are for
500 projects which began operation on or after July 1, 2003. Except as
501 provided in this subdivision, the amount from Class I renewable
502 energy sources contracted under such contracts shall be applied to
503 reduce the applicable Class I renewable energy source portfolio
504 standards. For purposes of this subdivision, the department's
505 determination of the comparable wholesale market price for
506 generation shall be based upon a reasonable estimate. On or before
507 September 1, 2007, the department, in consultation with the Office of
508 Consumer Counsel and the Renewable Energy Investments Advisory
509 Council, shall study the operation of such renewable energy contracts
510 and report its findings and recommendations to the joint standing
511 committee of the General Assembly having cognizance of matters
512 relating to energy.

513 [(k)] (l) (1) As used in this section:

514 (A) "Participating electric supplier" means an electric supplier that is
515 licensed by the department to provide electric service, pursuant to this
516 subsection, to residential or small commercial customers.

517 (B) "Residential customer" means a customer who is eligible for
518 standard service and who takes electric distribution-related service
519 from an electric distribution company pursuant to a residential tariff.

520 (C) "Small commercial customer" means a customer who is eligible
521 for standard service and who takes electric distribution-related service
522 from an electric distribution company pursuant to a small commercial
523 tariff.

524 (D) "Qualifying electric offer" means an offer to provide full
525 requirements commodity electric service and all other generation-
526 related service to a residential or small commercial customer at a fixed
527 price per kilowatt hour for a term of no less than one year.

528 (2) In the manner determined by the department, residential or
529 small commercial service customers (A) initiating new utility service,
530 (B) reinitiating service following a change of residence or business
531 location, (C) making an inquiry regarding their utility rates, or (D)
532 seeking information regarding energy efficiency shall be offered the
533 option to learn about their ability to enroll with a participating electric
534 supplier. Customers expressing an interest to learn about their electric
535 supply options shall be informed of the qualifying electric offers then
536 available from participating electric suppliers. The electric distribution
537 companies shall describe then available qualifying electric offers
538 through a method reviewed and approved by the department. The
539 information conveyed to customers expressing an interest to learn
540 about their electric supply options shall include, at a minimum, the
541 price and term of the available electric supply option. Customers
542 expressing an interest in a particular qualifying electric offer shall be
543 immediately transferred to a call center operated by that participating
544 electric supplier.

545 (3) Not later than September 1, 2007, the department shall establish
546 terms and conditions under which a participating electric supplier can
547 be included in the referral program described in subdivision (2) of this
548 subsection. Such terms shall include, but not be limited to, requiring
549 participating electrical suppliers to offer time-of-use and real-time use
550 rates to residential customers.

551 (4) Each calendar quarter, participating electric suppliers shall be
552 allowed to list qualifying offers to provide electric generation service
553 to residential and small commercial customers with each customer's
554 utility bill. The department shall determine the manner such
555 information is presented in customers' utility bills.

556 (5) Any customer that receives electric generation service from a
557 participating electric supplier may return to standard service or may
558 choose another participating electric supplier at any time, including
559 during the qualifying electric offer, without the imposition of any
560 additional charges. Any customer that is receiving electric generation
561 service from an electric distribution company pursuant to standard
562 service can switch to another participating electric supplier at any time
563 without the imposition of additional charges.

564 [(l)] (n) Each electric distribution company shall offer to bill
565 customers on behalf of participating electric suppliers and to pay such
566 suppliers in a timely manner the amounts due such suppliers from
567 customers for generation services, less a percentage of such amounts
568 that reflects uncollectible bills and overdue payments as approved by
569 the Department of Public Utility Control.

570 [(m)] (n) On or before July 1, 2007, the Department of Public Utility
571 Control shall initiate a proceeding to examine whether electric supplier
572 bills rendered pursuant to section 16-245d and any regulations
573 adopted thereunder sufficiently enable customers to compare pricing
574 policies and charges among electric suppliers.

575 [(n)] (o) Nothing in the provisions of this section shall preclude an
576 electric distribution company from entering into standard service

577 supply contracts or standard service supply components with electric
578 generating facilities.

579 Sec. 503. Subdivision (45) of subsection (a) of section 16-1 of the
580 general statutes is repealed and the following is substituted in lieu
581 thereof (*Effective from passage*):

582 (45) "Sustainable biomass" means biomass that is cultivated and
583 harvested in a sustainable manner. "Sustainable biomass" does not
584 mean construction and demolition waste, as defined in section 22a-
585 208x, finished biomass products from sawmills, paper mills or stud
586 mills, organic refuse fuel derived separately from municipal solid
587 waste, or biomass from old growth timber stands, except where (A)
588 such biomass is used in a biomass gasification plant that received
589 funding prior to May 1, 2006, from the Renewable Energy Investment
590 Fund established pursuant to section 16-245n, [or] (B) the energy
591 derived from such biomass is subject to a long-term power purchase
592 contract pursuant to subdivision (2) of subsection [(j)] (k) of section 16-
593 244c, as amended by this act, entered into prior to May 1, 2006, (C)
594 such biomass is used in a renewable energy facility that is certified as a
595 Class I renewable energy source by the department until such time as
596 the department certifies that any biomass gasification plant, as defined
597 in subparagraph (A) of this subdivision, is operational and accepting
598 such biomass, in an amount not to exceed one hundred forty thousand
599 tons annually, is used in a renewable energy facility that was certified
600 as a Class I renewable energy source by the department prior to
601 December 31, 2007, and uses biomass, including construction and
602 demolition waste, as defined in section 22a-208x, from a Connecticut-
603 sited transfer station and volume-reduction facility that generated
604 biomass during calendar year 2007 that was used during calendar year
605 2007 to generate Class I renewable energy certificates, or (D) in the
606 event there is no facility as described in subparagraph (A) or (C) of this
607 subdivision accepting such biomass, in an amount not to exceed one
608 hundred forty thousand tons annually, is used in one or more other
609 renewable energy facilities certified either as a Class I or Class II
610 renewable energy source by the department, provided such facilities

611 use biomass, including construction and demolition waste, as defined
612 in [said] section 22a-208x, from a Connecticut-sited transfer station and
613 volume-reduction facility that generated biomass during calendar year
614 2007 that was used during calendar year 2007 to generate Class I
615 renewable energy certificates. Notwithstanding the provisions of
616 subparagraphs (C) and (D) of this subdivision, the amount of biomass
617 specified in said subparagraphs shall not apply to a biomass
618 gasification plant, as defined in subparagraph (A) of this subdivision.

619 Sec. 504. Subsection (b) of section 16a-47a of the general statutes is
620 repealed and the following is substituted in lieu thereof (*Effective from*
621 *passage*):

622 (b) The goals of the campaign established pursuant to subsection (a)
623 of this section shall include, but not be limited to, educating electric
624 consumers regarding (1) the benefits of pursuing strategies that
625 increase energy efficiency, including information on the Connecticut
626 electric efficiency partner program established pursuant to section 16a-
627 46e and combined heat and power technologies, (2) the real-time
628 energy reports prepared pursuant to section 16a-47d and the real-time
629 energy alert system prepared pursuant to section 61 of public act 07-
630 242, and (3) the option of choosing participating electric suppliers, as
631 defined in subsection [(k)] (l) of section 16-244c, as amended by this
632 act.

633 Sec. 505. Subsection (k) of section 16-245 of the general statutes is
634 repealed and the following is substituted in lieu thereof (*Effective from*
635 *passage*):

636 (k) Any licensee who fails to comply with a license condition or who
637 violates any provision of this section, except for the renewable
638 portfolio standards contained in subsection (g) of this section, shall be
639 subject to civil penalties by the Department of Public Utility Control in
640 accordance with section 16-41, or the suspension or revocation of such
641 license or a prohibition on accepting new customers following a
642 hearing that is conducted as a contested case in accordance with

643 chapter 54. Notwithstanding the provisions of subsection [(d)] (e) of
644 section 16-244c, as amended by this act, regarding an alternative
645 transitional standard offer option or an alternative standard service
646 option, the department shall require a payment by a licensee that fails
647 to comply with the renewable portfolio standards in accordance with
648 subdivision (4) of subsection (g) of this section in the amount of five
649 and one-half cents per kilowatt hour. The department shall allocate
650 such payment to the Renewable Energy Investment Fund for the
651 development of Class I renewable energy sources."